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finance, showed little aptitude in following the brilliantly successful financial policy of great Britain. To what extent the ineptitude of the French Ministry of Finance, in controlling that part of the 40,000,-000,000 francs of foreign investments of the French public outside of Russia and Mexico, will be an effective reason for permitting her to postpone payment of the inter-Allied debt, and for discriminating against England because she is better able to carry out her financial program, is a point for the American Committee on the Funding of the Debt to ponder.

With reference to the field of taxation, it is unfortunate that the author did not amplify his presentation, even at the expense of the treatment on the war loans. The British policy of war taxation stands out in striking distinction to that of her continental allies, by reason of the large percentage of direct taxation as against indirect taxation. Direct taxation is not only politically democratic but financially productive and readily expansible. The present sound financial position of Great Britain and the present plight of her continental allies hinges very largely upon this difference in tax policy. Mr. Gibson, however, falls into an error which was very prevalent in this country also until it was exposed by T. S. Adams from first-hand evidence as treasury adviser on tax matters. Mr. Gibson states that the excess-profits tax added to the prices of goods. This statement implies that the profiteers were soft-hearted and raised prices only because they had to pay taxes. In fact what they did was to charge all the traffic would bear, and when prices began to decline in 1921, even the excess-profits tax was unable to maintain prices at profiteers' levels. The criticism of Mr. Gibson in his concluding chapter (page 401) that "it should have been possible to set a limit to wages and profits, and more or less to conscript industry" reflects his liberal leanings but is in square contradiction with the fact that he cites on page 208, that "the Munitions was a 100 per cent tax on profits over a certain amount and practically failed as a revenue-producing measure. Its enemy was human nature."

Mr. A. H. Gibson is a banker, the Bradford manager of the Anglo-South American Bank and had suggested the raising of war loans by means of day-to-day borrowing, generally associated with the name of Sir Drummond Fraser. His labor in economic science is worthy of emulation by his professional confrères.

ELISHA M. FRIEDMAN.

NEW BOOKS

ANDERSON, B. M. *Artificial stabilization of exchange condemned—outline of a fundamental solution.* The Chase Economic Bulletin, vol. II, no. 1. (New York: The Chase National Bank. 1922. Pp. 53.)

- ANGAS, L. L. B. *Reparations, trade and foreign exchange.* (London: King. 1922. Pp. 351. 12s. 6d.)
- BALDY, E. *Les banques d'affaires en France depuis 1900.* (Paris: Lib. Générale de Droit et de Jurisprudence. 1922. Pp. 391. 25 fr.)
- BASTIAN, E. *Lexikon des Geld-, Bank- und Börsenwesens. Begriffe, Ausdrücke und Vorgänge des täglichen Geschäftsverkehrs in ihrer Bedeutung und Anwendung.* (Stuttgart: Muth. 1921. Pp. 140. 19.80 M.)
- BLODGETT, H. A. *Double your savings; it can be done.* (St. Paul, Minn.: Harvey Blodgett Co., Bank Business Bldg. 1921. Pp. 97. \$1.)
- CASSEL, G. *The world's monetary problems, two memoranda.* (London: Constable. 1921. Pp. 154. 3s. 6d.)
- DÉCAMPS, J. *Les changes étrangers.* (Paris: Lib. Félix Alcan. 1922. 20 fr.)
- DOLLE, C. F. *The law of business paper and security.* (Chicago: T. H. Flood & Co. 1922. Pp. 423.)
- GEPHART, W. F. *The Ter Meulen credit plan.* Reprinted from the *North American Review*, March, 1922. (New York: North Am. Rev. Corp. 1922. Pp. 7.)
- GILBERT, A. *De la hausse des prix en France à la suite de la guerre de 1914.* (Poitiers: Imp. Masson. 1920. Pp. 114.)
- HANTOS, E. *Die Zukunft des Geldes.* (Stuttgart: Enke. 1921. Pp. 76. 11.20 M.)

The title does not describe the contents of this book. It treats not of the future of money, but of the future of the monetary standards in Europe during the next ten years. The author is firmly convinced that the world must return to sound principles of banking but he expects that, in consequence of the havoc wrought by inflation in Europe, an era of the gold standard can only come again when gold has become an article of commerce, and is freely bought and sold.

According to the author, who was formerly Hungarian State Secretary of Commerce, the causes of the monetary weakness of the countries in Europe are to be found not only in the enormous increase of paper money, but in the slowing down of its circulation in consequence of the rise in price of all commodities. In addition to that there is the destruction of goods caused by the war, the difficulties of transport and of procuring raw materials and machines, the lack of labor, and the high cost of production. As a result too few goods are produced which interest foreign buyers and lead them to buy the currency of the European countries. The most important thing is, however, to get rid of the disparity between currency and goods, by contracting the former and increasing the latter.

The weak countries will have to be content with a currency based on a certain stock of gold held for this purpose, but without a free interchange of notes for gold (gold-nucleus currency), or with an even more modest currency, that is, of such a nature that in the bank of issue there is no gold reserve but instead of that a stock of bills of exchange, checks, demand notes, etc., payable in other countries in which there is a gold basis to the currency (gold-bill of exchange currency). In a pamphlet (*Monetary and Currency Standards*, Vienna, 1921) I have desig-

nated such systems as forms of paper currency. For the rest I agree with the author that the main object of the weak countries must be to attain such a level of value of their currency as is moderately stable, and to increase their industrial, agricultural and mining production, and their exports.

Vienna.

E. SCHWIEDLAND.

HARDING, W. P. G. *The federal reserve system as related to American business.* (Philadelphia: Federal Reserve Bank of Philadelphia. 1922. Pp. 28.)

HARE, L. *A study of exchange direct and through the medium of currency.* (London: King. 1921. 2s. 6d.)

HAUPTMANN, M. *Le crédit après la guerre.* (Louvain: Imp. Ceuterick. 1921. Pp. 30.)

JUST, R. *Die Geldinflation mit besonderer Berücksichtigung der Geldpolitik der Schweiz während des Weltkrieges.* (Jena: Fischer. 1921. Pp. iv, 114. 18 M.)

KAVANAUGH, T. J. *Bank credit methods and practice.* (New York: Bankers Pub. Co. 1921. Pp. 241. \$2.50.)

KEMÉNY, G. *Die fremden Wechselkurse und die Umwälzung der internationalen Wirtschaftsbeziehungen.* (Essen: Baedeker. 1921. Pp. 124. 16 M.)

KERSCHAGL, R. *Die Lehre vom Gelde in der Wirtschaft.* (Vienna: Manz. 1921. 10 M.)

KNIFFIN, W. H. *American banking practice.* (New York: McGraw-Hill, 1921. Pp. xii, 389. \$3.50.)

The purpose of this book is to furnish a simple and complete statement of the operations of a bank. It describes the functions of the receiving teller and the paying teller; the methods of collecting checks; the organization of information used in making loans; the character of the various kinds of loans; the procedure in bank accounting; and the administration of the bank. Illustrations of credit instruments and of forms used in bank transactions are presented. The Uniform Negotiable Instruments law is printed as an appendix.

MONTARNAL, H. *Traité pratique du contentieux commercial de la banque et de la bourse.* (Paris: Marcel Rivière. 1922.)

MORGAN, G. W. and PARKER, A. J. *Banking law of New York, chapter 2 of consolidated laws, chapter 369, laws of 1914.* Sixth edition. (New York: Banks Law Pub. Co. 1921.)

RENARD, G. *La vie chère.* (Paris: O. Doin. 1921. Pp. 252.)

ROBERTSON, D. H. *Money.* (London: Nesbets. 1922. 5s.)

SELIGMAN, E. R. A. *Currency inflation and public debts.* (New York: Equitable Trust Co. 1921. Pp. 86.)

SMITH, J. A. *Sidelights on banking.* (Los Angeles, Calif: Bankers Service Co., 811 Garland Bldg. 1922. Pp. 32.)

SUBERCASEAUX, G. *El sistema monetario i la organización bancaria de Chile.* (Santiago, Chile: Soc. Imp. i Lit. Universo. 1920. Pp. 404.)

- TOWERS, G. F. *Financing foreign trade*. (Montreal: Royal Bank of Canada, Head Office. 1921. Pp. 95.)
- VALGREN, V. N. and ENGLEBERT, E. E. *Farm mortgage loans by banks, insurance companies, and other agencies* (bull. no. 1047). *Bank loans to farmers on personal and collateral security* (bull. no. 1048). (Washington: Gov. Prtg. Office, Supt. Docs. 1921. 5c each.)
- WILLIS, H. P. and EDWARDS, G. W. *Banking and business*. (New York: Harper. 1922. Pp. x, 573. \$3.50.)
- WIPRUD, A. C. *The federal farm loan system in operation*. (New York: Harper. 1921. Pp. xix, 280. \$2.)

The first hundred pages of this book, written by the vice president of the Federal Land Bank of Saint Paul, contain a semi-popular presentation of the manner in which federal land banks and national farm-loan associations function, the purpose being to set forth the "real object and worth" of the new rural credit system "in its coöperative aspects." Special attention is given to an analysis of the coöperative features of the Farm Loan act, and "the coöperative spirit which permeates the federal farm-loan system." There is also an introductory chapter contributed by Ex-secretary of the Treasury W. G. McAdoo.

The remainder of the book consists of an appendix which contains a brief chapter on the joint-stock land banks, a text and index of the Federal Farm Loan act (covering, in all, 118 pages), a bibliography of public documents and writings favorable to the system, and the recent opinion of the United States Supreme Court in upholding the constitutionality of the Farm Loan act.

The author heartily endorses the position taken by Ex-secretary McAdoo in his introductory chapter that in the case of farm-loan bonds "tax exemptions must be maintained because they are absolutely necessary if the farmers are to be assured an ample supply of long-time credits at reasonable rates of interest" (p. xvii). Nothing is said concerning the other side of the question, namely, the *effects* of tax exemption under a régime of graduated income taxes. The author seeks to justify the exemption of farm-loan bonds on the ground that there are many other kinds of tax-free securities in the market, also that tax exemption is a subsidy which the American farmer needs (p. 45). It would be difficult to find many economists who would take this view of the matter. While few would object to the exemption of farm-loan bonds from the personal property taxes of the various states, practically all would agree that the income from all securities, whether federal, state, municipal, etc., should be subject to federal income taxes. Unfortunately, the tax-exemption policy now in force tends to nullify the purpose of graduated income taxes, and to shift the tax burden more and more to those having relatively small incomes.

The book should prove to be a convenient source of information on matters pertaining to the farm-loan system. But the author's defense of the tax-exemption and coöperative features of the Federal Farm Loan act is far from convincing.

GEORGE E. PUTNAM.

Commercial banking practice under the Federal Reserve act. Third edition, revised to October, 1921. (New York: National Bank of Commerce. 1921. Pp. 178.)

Depreciated exchange and international trade. (Washington: U. S. Tariff Commission. 1922. Pp. 118. 15c.)

The federal reserve system—its purpose and work. The Annals, vol. XCIX, no. 188. (Philadelphia: Am. Academy of Political and Social Science. 1922. Pp. 229. \$1.)

Proceedings of the forty-second annual meeting of the Building Association League of Illinois. (Chicago: Am. Building Assoc. News Pub. Co. 1921. Pp. 110.)

Public Finance, Taxation, and Tariff

Outlines of Public Finance. By MERLIN HAROLD HUNTER. (New York: Harper & Brothers. 1921. Pp. xviii, 533. \$3.25.)

Teachers of public finance, who have long been restricted in the choice of texts, will doubtless welcome this addition to the field of short general treatises on the subject. The book is written in straightforward, clear language. It possesses unusually good section headings given in concise sentence form. The arrangement of subject-matter and the judgment exercised in leaving certain things out and putting other things in will doubtless not please everyone, but the general results are commendable. The content is strictly up-to-date, including such items as the new federal budget law and discussion of the proposed sales tax. Generally speaking, confusing technical details and space-filling tables have been omitted. Perhaps the carping critic can find some excuse for tearing the volume to shreds, but the reviewer believes that it is a book well adapted to class instruction and to the uses of the general reader engaged in private study.

The main divisions of the subject follow the standardized order of discussion, namely, expenditure, revenue, public indebtedness, the administration of public funds, and "financing an emergency." There is nothing particularly new or startling in the two chapters given to expenditure. However, the characteristics and the classification of expenditures are attractively presented. Sixty per cent of the reading matter in the book is devoted to revenue; fifty per cent, to taxation. Public debts and fiscal administration are restricted to one fairly short chapter each. In connection with the latter subject, attention should be called to the sections on state budget systems and the administration of municipal finance. Following the discussion of emergency finance, there is a brief chapter on the cost of war which every militarist could read with profit. While this topic might have been considered under expenditures at the beginning of the book, it forms a fitting conclusion to the study of war finance.

The author follows Bastable in discussing shifting and incidence prior to explaining the nature and history of the various kinds of taxes. This scheme has its merits in that it gives the reader a better back-